STT
QUESTIONS & ANSWERS FOR RESPONSE ONLY

Q: What exactly is STT -- is it only a specification or is it software being developed by Microsoft?
A: Secure Transaction Technology (STT) is a specification which provides the foundation for security and authentication for bankcard transactions over open networks such as the Internet. The specification is available to any software developer to use. Microsoft and other software developers will design and introduce proprietary software based on STT.

Q: Are Visa and Microsoft working jointly on software?
A: Visa and Microsoft have worked jointly on developing the STT standard, with each company bringing expertise in it's core competencies to the collaboration. In developing software applications that use this technology standard, Microsoft is building software for both consumers and merchants -- beyond working on the specification, Visa is not involved in this part of the development.

In developing software for the payment server and the credential authority server -- both key elements to enabling electronic commerce -- Visa and Microsoft are collaborating.

Q: This specification is an open one -- what exactly does that mean?
A: The specification is open to the public and available to any software developer -- free of charge -- who wishes to use it to develop their own security solutions. To further define what we mean by "open," we mean that any competent programmer should be able to program software compliant to the specification without requiring Microsoft or Visa proprietary technology.

Q: Why do an open specification -- why not make it proprietary?
A: The fastest, easiest and safest way to build an electronic commerce market is to have one secure payment standard for all to use. Visa and Microsoft have been working together for almost a year to build a foundation for that payment standard. In the spirit of openness that characterizes the Internet -- and for the good of the industry -- we want STT to be available to all to use for this purpose.

Q: Why are Microsoft and Visa interested in "the good of the industry"?
A: Protecting the good of the industry means protecting our brand. The possibility for excessive fraud means a denigration of the Visa brand. Consumers and merchants expect a high level of security and quality whenever they use or accept a Visa card and it's our responsibility to protect that trust. By protecting our brand in this manner, we are also

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protecting the industry. Additionally, the "good of the industry" is servied by providing a catalyst for the electronic commerce marketplace that will increase competition and ensure realization of the enormous potential of this market.

Q: If it's openly available, doesn't that mean that hackers will be able to break it? How do you protect against that?

A: The fact that the specification is openly available has no affect on whether or not hackers will be able to break it. The STT spec is merely the foundation on which security applications can be built -- the actual security features are in the form of public and private keys.

No security system can be absolutely foolproof against criminals determined to break in -- just as no lock or key in the physical world is absolutely foolproof. Anyone who claims that a specification or system is foolproof is speaking rashly. A security specification must be sound, reliable and as foolproof as possible -- which STT is. We will remain alert to the threat of criminals and hackers and continue to enhance the security of our specification as necessary -- as we do for all Visa systems today.

Q: How will STT be made available?

A: The specification will be available to download from either the Microsoft (www:/microsoft.com) or the Visa (www:/visa.com) website.

Q: What will it cost for software developers?

A: The specification will be provided free of charge to all. Software developers will then differentiate their offerings by wrapping value-added services around the basic security specification.

Q: What will it cost for merchants?

A: Merchants will be able to buy software based on this technology from any software developers who choose to use it. The price for this software will be set by the individual software vendor. The specification will be provided free of charge.

Q: What will it cost for consumers?

A: Consumers will be able to buy software based on this technology from any software developers who choose to use it. The price for this software will be set by the individual software vendor. The specification will be provided free of charge.

Q: If this standard is open and free to everyone, how are Visa and Microsoft making money on this?

A: Visa is paying Microsoft for the development of STT. We are doing this through a usage-based fee that Visa -- and not Visa members -- is paying.

This fee pays Microsoft for the cost of the development of payment server and credential server software -- it is not sharing transaction fees. Visa realizes revenue by increased card usage and reduced fraud. Additionally, Visa protects its current revenue by aggressively protecting its brand.

Q: When will consumers and merchants be able to use this?
A: The specification will be available on-line or through the mail beginning today (Wednesday, September 27). Microsoft plans to release products based on STT by early next year and other software developers will be following suit.

Q: Does this specification give Microsoft or Visa a competitive advantage in the electronic commerce marketplace?
A: This specification is available for any software developer, payment card company, financial institution or other qualified user -- free of charge. After today, the marketplace will decide who makes the best use of it. Any competitive advantage Microsoft and Visa may have is a result of the lead time garnered from our year of joint work on the specification.

Q: What exactly is the relationship between Visa and Microsoft?
A: Visa and Microsoft have been working together for almost a year to develop a specification for secure transactions over open networks. This specification is being published today.

Q: Are you working together on other projects besides STT?
A: While there are no additional joint efforts between Microsoft and Visa for public announcement, both companies are always exploring ways to extend and expand their individual brands in a quickly evolving marketplace and are building alliances and relationships with many industry players. With that in mind, future joint efforts can not be ruled out.

Q: Do you expect companies such as Netscape to use this technology?
A: The specification is available for any software developer free of charge. We expect and hope that developers such as Netscape will adopt this technology, thereby helping to ensure the electronic commerce marketplace has one secure transaction standard.

Q: Will this technology correct software flaws such as the one in the Netscape browser disclosed earlier this week in *The New York Times*?
A: Unfortunately, no security system can be absolutely foolproof against criminals determined to break in -- just as no lock or key in the physical world is absolutely foolproof. Anyone who claims that a specification or system is foolproof is speaking rashly. A security specification must be sound, reliable and as foolproof as possible -- which STT is. We will remain alert to the threat of criminals and hackers and continue to

enhance the security of our specification as necessary -- as we do for all Visa systems today. (IF PRESSED TO BE SPECIFIC ABOUT NETSCAPE FLAW: I really can't comment further on the Netscape issue -- you should probably address your questions to someone at Netscape.)

TO BE USED IF MASTERCARD IS NOT PARTICIPATING:

Q: **Where is MasterCard in this announcement? Doesn't Visa already have an agreement with them to develop secure transaction technology?**

A: We have been working with MasterCard since May to pursue their participation in the development and release of this specification. We have every hope that MasterCard and other payment card companies will use this specification, ensuring that the electronic commerce marketplace has one secure transaction standard.